



Signed and Filed: April 10, 2020

DENNIS MONTALI
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

In re:) Bankruptcy Case
PG&E CORPORATION,) No. 19-30088-DM
- and -) Chapter 11
PACIFIC GAS AND ELECTRIC COMPANY,) Jointly Administered
Debtors.) Date: April 14, 2020
☐ Affects PG&E Corporation) Time: 10:00 a.m.
☐ Affects Pacific Gas and Electric Company) Place: Courtroom 17
☒ Affects both Debtors) 450 Golden Gate Ave.
) 16th Floor
) San Francisco, CA
)
* All papers shall be filed in the Lead Case, No.)
19-30088 (DM).)
)
)
)
)

TENTATIVE RULING REGARDING MOTION TO APPROVE SETTLEMENT

Debtors filed a motion for approval of a settlement with the people of the state of California (the "Motion") (dkt. #6418) on March 23, 2020. The Official Committee of Tort Claimants ("TCC") opposed (the "Objection") (dkt. #6713) and two parties joined the Objection.¹ Debtors have replied (dkt. # 6732) . Having considered all the relevant pleadings,

¹ The court will not address the specifics of these objections as they go beyond what Debtors seek.

1 the court issues this tentative ruling to grant the Motion prior to the scheduled hearing on April
2 14, 2020.

3 The TCC's operative concerns appear to be that entry of an order approving the Motion
4 will implicitly approve Debtors' definition of 'fire claimant' and, relatedly, that criminal fines
5 or penalties assessed against Debtors could be drawn from the Fire Victim Trust. First, this
6 court has no intention of allowing any criminal fines or penalties to be paid out of the funds
7 intended for fire victims, or from the Fire Victim Trust, directly or indirectly. Debtors have
8 indicated, and the TCC acknowledges, that the funds to pay Butte County to implement this
9 settlement will come from the subrogation claimants instead of the fire claimants, and this is
10 satisfactory to the court. Further, the court sees no need to adopt either party's definition of
11 'fire claimant' or to endorse the unnecessary rhetoric going back and forth. Instead, the court
12 is prepared to grant the Motion as a valid exercise of Debtors' business judgment, and as
13 satisfactory under Federal Rule of Bankruptcy Procedure 9019, subject to the clarification noted
14 below.

15 Some things not only have to be right, but they have to look right. Telling fire victims
16 that their money will be used to pay criminal fines and penalties does not look right even if
17 digging through the RSA or the Plan would lead to that literal result. Nor does saying to people
18 who lost their homes and their loved ones that \$4 million is "de minimis." This not only looks
19 wrong, it *is* wrong. The Debtors need to pay their agreed debt for their criminal wrongs
20 consistent with the following statement from their reply, but without the bolded language
21 indicated. If deleting just five words will jeopardize the financing, the Plan, the RSAs and all of
22 the other things that need to keep this confirmation train on track, Debtors' counsel will need to
23 explain it at the hearing.²

24 Should Debtors accept this tentative ruling, they are to notify this court's courtroom
25 deputy by 12:00 p.m. (PDT) on Monday, April 13, 2020 and the matter shall be dropped from
26 _____

27 ² Counsel should simply delete the bolded words from Debtors' Reply at 3:12-13:

28 "The Debtors arranged to have an additional \$4 million funded **to the Fire Victim Trust**
from the interest earned on the distribution to be made to the Subrogation Wildfire Trust."

1 calendar. The proposed form of order should state the specific sources of funding for the
2 approved settlement (consistent with this tentative ruling) and disclaim any definitions of 'fire
3 claimant.' The TCC is to approve the form of order.

4 ***** END OF TENTATIVE RULING*****